



THE SECRETARY OF THE NAVY
WASHINGTON DC 20350-1000

December 8, 2023

The Honorable Rosa L. DeLauro
Ranking Member
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Ranking Member DeLauro:

As the first session of the 118th Congress draws to a close, I write to express my deepest concern that the Department has yet to receive an appropriations funding bill for Fiscal Year (FY) 2024, and is facing the threat of operating under a year-long Continuing Resolution (CR) with potential for sequestration. I urge the Congress to prioritize the national security of our country by passing our annual appropriation bills without further delay.

Today, our Sailors and Marines are postured in the eastern Mediterranean, through the Red Sea, and across in the Indo-Pacific to deter and respond to acts of aggression from Russia, Iranian-backed terrorist groups, and the Communist Chinese Party. Their ability to maintain a forward U.S. presence without interruption, and to maintain a competitive advantage over our adversaries depends upon Congress' approval of the Department's Fiscal Year (FY) 2024 budget request. Should the Congress fail to provide a FY2024 appropriation and instead enact a year-long CR at FY2023 levels, or worse with sequestration, our Navy-Marine Corps team will incur an immediate \$15.2 billion set-back (-5.9%), with impacts in nearly every area. Misalignments from the full-year CR drives that shortfall to \$28 billion:

- People and Quality of Life: A year-long CR would provide \$2.2 billion less for Service Member pay, housing, subsistence, and relocation, creating hardships for our military families and lowering morale across the force. End strength challenges will be further hampered, as recruiting incentives are reduced and reserve mobilizations are curtailed. Quality of service initiatives to improve living conditions and expand resources for mental health will be blunted.
- Readiness: A \$4.6 billion reduction in operations and maintenance will inevitably impact our fleet by immediately degrading our ability to operate our ships and aircraft in this uncertain environment. Pre-deployment training and large-scale exercises will be curtailed resulting in less-proficient aviation, maritime, and ground forces deploying overseas. Deferred weapons system maintenance will further limit the capabilities available to the Combatant Commanders. The impacts will continue to be felt in future years, as upcoming deployments will be jeopardized by delaying or cancelling surface ship maintenance at private shipyards, while a hiring freeze would undermine the next generation of workers at our naval shipyards and maintenance depots. Finally, the Department would be forced to significantly reduce sustainment

at our bases with reductions in preventive maintenance impacting fire protection systems, utility infrastructure maintenance, and facility condition inspections.

- Shipbuilding: A \$9.7 billion reduction in shipbuilding and conversion will preclude construction of one Submarine Tender, one Frigate, and two Littoral Combat Units (due to prohibitions on rate of production increase). Funding restrictions will result in higher costs for five ship classes and refueling of one nuclear aircraft carrier, delaying both construction work and material/warfare systems procurements. For Virginia-Class Submarine, only one of two ships requested could be awarded as well as the inability to award economic order quantity funding for the Virginia-Class SSN multi-year procurement in FY25-29. Reductions in funding and quantities of ships awarded will negatively affect the progress on restoring our Nation's shipbuilding workforce for six major shipbuilders in the wake of the COVID-19 pandemic, incentivizing workers to pursue more stable careers.
- Nuclear Deterrence: While the first FY24 CR provided an anomaly for a production rate increase on the second Columbia-Class Submarine, the rate of operations increase for advance procurement funding in FY24 will cause delays in long lead time material awards for up to ten future Columbia-Class Submarines and a delay of Submarine Industrial Base investment funding. This puts at risk the modernization of the sea-base leg of our nation's nuclear triad.
- Marine Corps Force Design: Restrictions on new starts and production rate increases will slow progress on the Marine Corps' transformation to a more agile, efficient, and technologically advanced force able to deter and defeat forces across the Pacific island chains. Production rates of Tomahawk and Guided Multiple Launch Rocket System weapons systems, two ground vehicles and two aircraft will be reduced.
- Weapons Industrial Base: Year-long CR restrictions will prevent a combined \$380 million investment in the Weapons Industrial Base to increase throughput and production capacity of critical munitions including TRIDENT, Tomahawk, Standard Missile, Long Range Anti-Ship Missile, Advanced Anti-Radiation Guided Missile, and Advanced Medium-Range Air-to-Air Missile. These efforts are in direct response to lessons learned from the conflict in Ukraine.
- Research and Development: A \$900 million reduction in research and development suspends research at businesses and universities across the country, makes our forces more reliant on aging systems, and provides our adversaries an opportunity to close the technological gap. Reductions to Marine Future Vertical Takeoff Family of Systems, Next Generation Jammer-Increment Two and MQ-4 Triton Multi-Integration will challenge Naval Aviation capabilities to face future threats.
- Military Construction. A \$3.1 billion shortfall in military construction will cancel or postpone 30 projects across the U.S. and abroad, including three Child Development Centers. Twelve Pacific Deterrence Initiative projects on Guam will be affected, inhibiting our ability to blunt Chinese expansionism.

These impacts, when combined with misalignment between last year's enacted funding bill and our FY2024 budget request, amount to a total funding impact to the Department of the Navy of \$26.1 billion (\$22.8 Navy, \$3.3 Marine Corps). If a 1% sequester is applied, the impacts rises to \$28.8 billion (\$25.0 Navy, \$3.8 Marine Corps). In light of recent world events, we simply cannot afford to sacrifice readiness. Together, we must equip our Sailors and Marines with the best our Nation can provide to ensure they never have to face a fair fight.

Sincerely,



Carlos Del Toro

Enclosures:

- (1) New Starts by Appropriation and Line Item
- (2) Production Rate Increases by Appropriation and Line Item
- (3) Total Appropriation Rates of Operation Increases
- (4) Summary – Total Misalignment of Funds in a 12-month CR

NEW STARTS BY APPROPRIATION AND LINE ITEM						
Appropriation/Line Item	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
SCN	1	1,733,234	1	1,733,234	-	-
AS Submarine Tender	1	1,733,234	1	1,733,234		
SCN Completion of Prior Year Shipbuilding Programs	-	566,119	-	566,119	-	-
Completion of PY SBP (LI 5300)	-	566,119		566,119		
OPN	-	7,594	-	7,594	-	-
LSD Midlife & Modernization	-	7,594		7,594		
WPN	8	341,434	8	341,434	-	-
Conventional Prompt Strike	8	341,434	8	341,434		
RD TEN (PE / PROJ)	-	260,285	-	209,657	-	50,628
0604840M F-35B C2D2 0358 Utility and Subsystem Support to Missi		8,113				8,113
0605212M CH-53K 3069 CH-53K Improvement		42,515				42,515
0204229N Tomahawk Mssn Planning Ctr 4032 NAV/COMMS		2,969		2,969		
0204571N Consolidated Trng Sys Dev 1982 Adversary Mission Syste		5,140		5,140		
0205633N Aviation Improvements 0357 IFDIS fault detection		2,000		2,000		
0205633N Aviation Improvements 1356 Corrosion Prevention Imprc		4,010		4,010		
0602792N Innovative Naval Prototypes (INP) Applied Res 3506 Com		1,500		1,500		
0602792N Innovative Naval Prototypes (INP) Applied Res 3507 Chir		15,537		15,537		
0602792N Innovative Naval Prototypes (INP) Applied Res 3508 Curic		1,800		1,800		
0603563N Ship Concept Advanced Design 3505 Maritime Prepositio		1,502		1,502		
0603739N Navy Logistic Productivity 0356 NADACS inventory		4,000		4,000		
0603801N Innovative Naval Prototypes (INP) Adv Tec Dev 3507 Chir		4,732		4,732		
0604030N Rapid Prototyping, Experimentation & Dem 0385 Rapid P		90,490		90,490		
0604258N Target Systems Development 2159 ASW TARGET		3,514		3,514		
0604840N F-35C C2D2 0358 Utility and Subsystem Support to Missi		72,463		72,463		
FHCON Projects	2	205,032	1	83,126	1	121,906
P307 Replace Andersen Housing Ph 8	1	121,906			1	121,906
P387 Replace Andersen Housing Ph7	1	83,126	1	83,126		
MCN Projects (BA01)	26	2,897,154	14	1,827,884	12	1,069,270
P226 Maintenance Facility & Marine Air Group HQs	1	125,150			1	125,150
P191 Water Treatment Plant	1	127,120			1	127,120
P415 PDI: Child Development Center	1	105,220			1	105,220
P002 Cybersecurity Operations Facility	1	186,480			1	186,480
P316 PDI: Artillery Battery Facilities	1	137,550			1	137,550
P406 PDI: Recreation Center	1	34,740			1	34,740
P408 PDI: Religious Ministry Services Facility	1	46,350			1	46,350
P760 PDI: Training Center	1	89,640			1	89,640
P859 PDI: Consolidated MEB HQ/NCIS PHII	1	19,740			1	19,740
P870 PDI: 9th ESB Training Complex	1	23,380			1	23,380
P158 Bachelor Enlisted Quarters & Support Facility	1	131,800			1	131,800
P1241 Communications Towers	1	42,100			1	42,100
P1044 Submarine Pier 31 Extension	1	112,518	1	112,518		
P1102 Weapons Magazine & Ordnance Operations Fac.	1	219,200	1	219,200		
P614 PDI: Joint Consol. Comm. Center (INC)	1	107,000	1	107,000		
P691 Aircraft Development and Maintenance Facs	1	141,700	1	141,700		
P1339 Child Development Center	1	35,000	1	35,000		
P1334 Child Development Center	1	43,600	1	43,600		
P1069 Maritime Surveillance System Facility	1	109,680	1	109,680		
P541 PDI: Missile Integration Test Facility	1	174,540	1	174,540		
P678 PDI: Satellite Communications Facility (INC)	1	166,159	1	166,159		
P891 Shipyard Electrical Backbone	1	195,000	1	195,000		
P171 Weapons Magazines	1	221,920	1	221,920		
P525 Laboratory Compound Facilities Improvements	1	110,000	1	110,000		
P111 EDI: Ordnance Magazines	1	77,072	1	77,072		
P222 MQ-25 Aircraft Laydown Facilities	1	114,495	1	114,495		
MCNR Projects (BA01)	2	36,949	-	-	2	36,949
P185 G/ATOR Support Facilities	1	12,400			1	12,400
P405 Organic Supply Facilities	1	24,549			1	24,549
Total New Starts		6,047,801		4,769,048		1,278,753

Enclosure (1)

PRODUCTION RATE INCREASES BY APPROPRIATION AND LINE ITEM						
Appropriation/ Line Item	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
APN	17	409,480	9	326,762	8	82,718
JSF STOVL	1	228,140	1	228,140		
Multi-Engine Training System (METS)	16	181,340	8	98,622	8	82,718
PMC	43	111,731	-	-	43	111,731
Joint Light Tactical Vehicle (JLTV)	12	17,750			12	17,750
Guided MLRS Rocket	4	1,262			4	1,262
Tomahawk	21	62,234			21	62,234
Amphibious Combat Vehicle	6	30,485			6	30,485
SCN	4	7,068,215	4	7,068,215	-	-
Columbia Class (FF) ^{-1/}	1	-	1	-		
Columbia Class (AP) ^{-1/}	-	612,181		612,181		
Virginia Class Submarine (FF)	-	2,595,781		2,595,781		
Virginia Class Submarine (AP)	-	1,189,888		1,189,888		
CVN Refueling Overhauls AP	-	396,565		396,565		
DDG 1000	-	337,424		337,424		
FFG	1	1,038,474	1	1,038,474		
LHA	-	744,679		744,679		
T-AO	-	32,832		32,832		
LCU	2	62,532	2	62,532		
Auxiliary Vessels	-	9,008		9,008		
Service Craft	-	48,851		48,851		
SCN Completion of Prior Year Shipbuilding Programs	-	306,324	-	306,324		
Completion of PY SBP (LI 5300)		306,324		306,324		
WPN	170	733,032	155	718,670	15	14,362
Adv Med Range Air-to-Air Missile (AMRAAM)	37	103,253	37	103,253		
Sidewinder	19	15,877	7	4,938	12	10,939
Rolling Airframe Missile (RAM)	20	22,765	20	22,765		
LRASM	33	419,974	30	416,551	3	3,423
Evolved Sea Sparrow Missile (ESSM)	11	13,794	11	13,794		
MK-48 Torpedo	50	157,369	50	157,369		
Total Production Rate Increases		8,628,782		8,419,971		208,811

^{-1/} Section 124 of the "Continuing Appropriations Act, 2024 and Other Extensions Act" (P.L. 118-15) includes an anomaly for \$621.27M for a Columbia Class Submarine. The "Further Continuing Appropriations and Other Extensions Act, 2024" (P.L. 118-22) Section 140 provides an anomaly for \$3,338,413,000 for Columbia Class AP.

TOTAL APPROPRIATION RATES OF OPERATION INCREASES ^{-2/}						
Appropriation	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
MPN		1,434,018		1,434,018	-	
RPN		103,887		103,887	-	
MPMC		582,352		-		582,352
RPMC		77,216		-		77,216
OMN		4,058,432		3,938,540		119,892
OMNR		102,760		72,986		29,774
OMMC		424,994				424,994
OPN		2,389,073		2,316,278		72,795
PANMC		372,389		264,349		108,040
PMC		197,971				197,971
RD TEN		658,243		417,151		241,092
WPN		978,806		1,016,306		(37,500)
Total Appropriation Rates of Operation Increases ^{-2/}		11,380,141		9,563,515		1,816,626

^{-2/} Rates of Operations increases by appropriation are calculated after accounting for new starts and production rate increases. With the exception of SCN and MILCON appropriations, CR restrictions for rates of operation are at the total appropriation level. However, it is prudent to consider proposed Congressional adjustments at a line item level when determining amounts that can be executed during the CR period, in order to preserve Congressional funding prerogatives in an appropriation act.

Summary - Total Misalignment of Funds in a 12-month CR						
Appropriation	TOTAL DON		NAVY		MARINE CORPS	
	QTY	Amt (\$K)	QTY	Amt (\$K)	QTY	Amt (\$K)
Total New Starts		6,047,801		4,769,048		1,278,753
Total Production Rate Increases		8,628,782		8,419,971		208,811
Total Appropriation Rates of Operation Increases		11,380,141		9,563,515		1,816,626
Estimated Sequestration TOA Shortfall - Yearlong CR		2,737,000		2,222,000		515,000
Misalignment of Funds - 12 Month CR with Seq	-	28,793,724	-	24,974,534	-	3,819,190
PB24 Submission				255,752,514		
Total 12-Month CR Misalignments and Estimated Sequestration				(28,793,724)		
12-Month CR/SEQ TOA for DON ^{-3/}				226,958,790		

^{-3/} Assumes no anomalies to lift restrictions on new starts and rate increases, and no authority to realign funding within and between appropriations. Includes PB24 levels for DHA accounts.